

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

WISCONSIN ENERGY CORPORATION,)	
INTEGRYS ENERGY GROUP, INC., PEOPLES)	
ENERGY, LLC, THE PEOPLES GAS LIGHT)	
AND COKE COMPANY, NORTH SHORE GAS)	
COMPANY, ATC MANAGEMENT INC., and)	
AMERICAN TRANSMISSION COMPANY LLC)	
)	
Application pursuant to Section 7-204 of the Public)	Docket No. 14-0496
Utilities Act for authority to engage in a)	
Reorganization, to enter into agreements with)	
affiliated interests pursuant to Section 7-101, and for)	
such other approvals as may be required under the)	
Public Utilities Act to effectuate the Reorganization.)	
)	

JOINT APPLICANTS' RESPONSES TO COMMISSIONER DATA REQUESTS

Attached are the responses of the Joint Applicants¹ to the data requests served upon them on March 11, 2015 by the Commissioners of the Illinois Commerce Commission (“Commission” or “ICC”).

¹ “Joint Applicants” include Wisconsin Energy Corporation, Integrys Energy Group, Inc., Peoples Energy, LLC, The Peoples Gas Light and Coke Company, North Shore Gas Company, ATC Management Inc., and American Transmission Company.

DATA REQUEST RESPONSES

COMMISSIONERS DATA REQUEST NO. 1:

Do the Joint Applicants have a transition plan for WEC Energy Group? If so, please provide a copy of the transition plan.

- a. What are the Joint Applicants' guiding principles in the development of the transition plan for WEC Energy Group, specifically concerning the leadership of the AMRP program to ensure a seamless changeover that avoids any diminishment of the utility's ability to provide adequate, reliable, efficient, safe, and least-cost public utility service both leading up to and after closing the proposed reorganization, if approved?
- b. Does WEC Energy Group plan to retain those individuals, now employed at Peoples/Integrus, with extensive AMRP management experience? Provide any supporting documentation Joint Applicants relied on in the development of the guiding principles referenced above.

JOINT APPLICANTS' RESPONSE:

While the Joint Applicants are preparing for the merger of the companies, they have not developed a formal transition plan at this time. However, the companies have begun the planning process by scheduling and holding small group discussions with leadership of major functional areas of each organization. Consistent with the testimony provided by John Reed, corporate transition plans addressing near-term integration are typically developed in the month leading up to the transaction closing. These plans will ensure that the companies' operations continue seamlessly and provide adequate, reliable, safe and least-cost public utility service both leading up to and after the closing of the proposed reorganization, including the AMRP program. More specific plans addressing the longer-term integration of the companies, including enhancements to their operations, will follow.

- (a) The Joint Applicants' guiding principles include:
- Culture: a highly functional company with one culture for all employees focused on the provision of reliable, efficient, safe, least-cost public utility service
 - Timely and Efficient: a smooth transition, ready to commence all critical operational responsibilities on the closing date
 - Quality: the combined companies will provide service that satisfies service quality, safety and operating standards and meets or exceeds the expectations of customers, regulators, employees, investors and other stakeholders
 - Workforce: the combined companies have committed to maintain a level of employment in Illinois and the existing experienced workforce will be critical to a seamless transition
 - Community: highest standards of corporate citizenship and on-going commitment to the local communities the combined companies serve

- Cost: the provision of least-cost public utility service and the organization, system and processes in place to identify and capture savings over time

The Joint Applicants' primary near-term objective is the seamless transition to a combined company following the closing of the proposed reorganization.

(b) After receiving approval from the ICC for Wisconsin Energy Corporation's ("Wisconsin Energy") acquisition of Integrys Energy Group, Inc. ("Integrys") and the transaction closes, the Joint Applicants will put in place a management team with decades of natural gas industry experience in operations and construction. The President of The Peoples Gas Light and Coke Company ("Peoples Gas") will report directly to the CEO of the WEC Energy Group. This is in contrast to the current structure at Integrys where the President of Peoples Gas has a reporting relationship much lower down in the corporate organization. While no final decisions have been made about the size or composition of the Peoples Gas management team, the Joint Applicants expect that at least three members of senior leadership will come from Wisconsin Energy. It is premature at this time to determine what, if any, changes to the leadership of the AMRP program would be beneficial. As has been stated by the Joint Applicants in a previous data request response, personnel involved in the AMRP will be evaluated and decisions made regarding their retention and/or role based upon what will be in the best interests of the utility and its customers given the performance and skillset of those employees. The Joint Applicants will continue the process of gaining familiarity with current management and staff; evaluating the performance of existing work management systems and new initiatives; reviewing the final report from Phase I of Liberty's audit and working with Liberty and Staff to determine the appropriate implementation of the recommendations in Liberty's final report; reviewing information from the current investigation docket initiated by the ICC; identifying new or additional resources that could improve performance; and reviewing the statistical performance of the overall AMRP program. This process will continue up to and after closing of the transaction. All of this input will inform the organizational structure and transition plan.

COMMISSIONERS DATA REQUEST NO. 2:

What are the roles and responsibilities the Joint Applicants have set forth in the transition plan for the WEC Energy Group staff, specifically concerning the leadership of the AMRP program to ensure a seamless changeover that avoids any diminishment of the utility's ability to provide adequate, reliable, efficient, safe, and least-cost public utility service both leading up to and after closing the proposed reorganization, if approved?

- a. Explain how these roles and responsibilities satisfy this goal.
- b. Provide the names, current positions, relevant experience, and estimated start-date for the individuals who will assume the roles and responsibilities provided above.

JOINT APPLICANTS' RESPONSE:

Please see the Joint Applicants' response to Commissioners Data Request No. 1, above, for information concerning the Joint Applicants' current planning with respect to the future leadership of the AMRP program and ensuring a seamless changeover that avoids any diminishment of the utility's ability to provide adequate, reliable, efficient, safe, and least-cost public utility service both leading up to and after closing the proposed reorganization, if approved.

COMMISSIONERS DATA REQUEST NO. 3:

Provide responses to questions one (1) and (2) above for the new “Subsequent Merger Subsidiary” described in Joint Applicants Application on page 7.

JOINT APPLICANTS’ RESPONSE:

The Joint Applicants do not expect to develop a separate transition plan for the “Subsequent Merger Subsidiary” apart from an overall WEC Energy Group transition plan. Please see the Joint Applicants’ responses to Commissioners Data Requests No. 1 and No. 2, above.

COMMISSIONERS DATA REQUEST NO. 4:

At the current time and prior to the final Liberty audit report, what other aspects of the program can Joint Applicants anticipate modifying, changing, or developing new processes for based on their prior experiences managing large infrastructure improvement projects?

- a. What distinguishes these aspects from other aspects of the AMRP program that Joint Applicants would like to delay consideration until after the Final Audit Report is delivered? Please only discuss scope and JA's current plans, not the audit itself.
- b. Do the Joint Applicants anticipate retaining any aspects of the AMRP program, which in their current form result in the efficient, reliable, and least cost execution of the AMRP?

JOINT APPLICANTS' RESPONSE:

As noted above in the response to Commissioners Data Request No. 1, the Joint Applicants have not yet developed a formal transition plan, or any specific adjustments to AMRP leadership or processes. However, Wisconsin Energy is engaged in ongoing discussions with Peoples Gas to better understand its current organization and process initiatives, which include recommendations that Liberty has already provided to Peoples Gas' leadership. Peoples Gas is in the process of taking steps to improve the AMRP program, in-part driven by the preliminary findings of the Liberty report. The initiatives currently underway are comprehensively laid out in the Interim Liberty Report. Specifically, but not limited to the various initiatives outlined in the Interim Liberty Report and other current initiatives targeted at non-AMRP work, Peoples Gas' current AMRP initiatives include:

- Clarifying the mission, roles and responsibilities of oversight participants, including identification of the Peoples Gas President as overall project sponsor and executive owner;
- Identifying key performance metrics and reporting to measure project-to-date performance and performance drivers, identify root causes of variances and identify corrective actions;
- Preparing a resource-loaded program schedule and estimate including cost and schedule basis, inclusions, exclusions, assumptions, probabilistic cost and schedule analysis, yearly spend plan;
- Developing an all-in project cost model on an escalated basis that identifies cost risk, measurement of risk and contingencies;
- Implementing a fundamental re-organization design for Peoples Gas under the leadership of the Peoples Gas President. The goal of this effort is to establish an integrated approach to AMRP management that integrates the AMRP program and all capital construction from the Integrys business support entity into the utility and aligns with Peoples Gas President as executive owner with defined individuals or organizations responsible for oversight;

- Peoples Gas President and leadership team is currently evaluating management level positions, identification of needed roles and responsibilities, comparison of manager's qualifications to the identified roles, determination of gaps in skills requirements, placement of persons in appropriate roles and needs for additional training.
- Assigning ownership for coordinating communication regarding construction activities with stakeholders, including the City of Chicago; establishing communication channels and delivering work plans and updates to schedules
- Establishing new processes for: coordinating permits with local units of government for working in the public way; and for restoration activities required post-construction
- Piloting a new customer satisfaction survey process and revamping internal processes for addressing customer complaints (further explained below)
- Implementing workload, work forecasting and workforce planning mechanisms to improve productivity, efficiency and to shorten the timeframe of construction projects
- Peoples Gas is undertaking long-term personnel planning that seeks to define resource requirements over the life of the AMRP, balancing internal and external resources. Key elements to be considered are core competence, transition, development, training, and recruiting

The Joint Applicants look forward to reviewing project performance in the future to determine if the program improvements are taking root and effective. This insight along with completion of the Liberty audit will help identify opportunities to make additional modifications. In conjunction with their ongoing review of the program and the final Liberty report, to the extent that it is determined that there are aspects of the AMRP program as they currently exist that result in the efficient, reliable, and least cost execution of the AMRP, then the Joint Applicants anticipate that they will retain those aspects of the AMRP program without modification.

While observations will continue regarding the adjustments noted above, there is one specific area where the Joint Applicants see an opportunity to improve one aspect of the AMRP program. This is in the area of customer communication, customer satisfaction tracking, and overall process improvement. Over the last decade, Wisconsin Energy has developed a robust process of increased communication with customers, where appropriate, prior to, during, and after interactions with the company. For example, if work is performed on a customer's premises there is a subsequent proactive effort to directly communicate with the customer seeking input on their experience with the process, the quality of the work completed, and their interaction with field personnel. This is not only valuable for ensuring proper customer care, but is a critical connection in the feedback system of continuous improvement. While logistical resources, training and implementation details will need to be worked out, it appears that adding this level of customer communication would be beneficial to the AMRP program.